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Pensions & Investment Age

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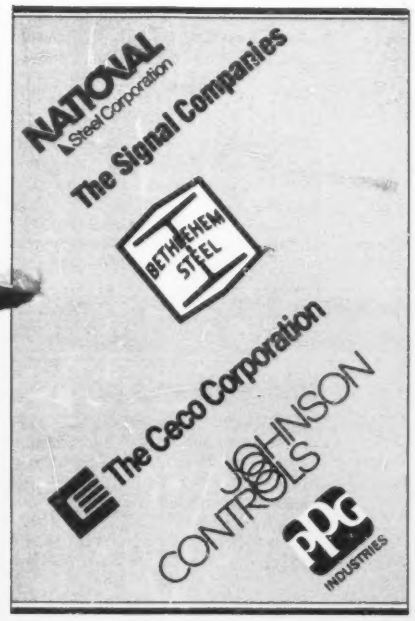

Pension funds sell off stocks

High rates spur dedications

CHICAGO — Dozens of corporate pension funds are establishing dedicated bond portfolios to lock in current high interest rates.

Chrysler Corp., Bethlehem Steel Corp. and Signal Cos. Inc. alone sold equities approaching $2 billion to set up such funds, and could have contributed to the weakness in the stock market in recent months (*see Chrysler story, page 4*).

Officials of Ceco Corp., Johnson Controls Inc., Dayton-Hudson Corp., National Steel Corp., GATX Corp., McGraw-Edison Corp., Peabody Coal Co. and PPG Industries Inc. confirmed they, too, entered the bond market with new or additional immunized fixed-income investments during the first half of 1984.

These 11 firms represent only the tip of what Wall Street observers say is a very large iceberg.

"You're going to see a lot happening in the next six to eight months," said Alan Bankart, senior vice president of the fixed-income group of Putnam Fixed Income Advisors.

Pension fund sponsors' attention is drifting back to the bond market. There, they have tied up the current real interest rates of 10% — 13% nominal rates minus 3% inflation — with dedicated portfolios, a type of immunization.

Immunized and dedicated portfolios first appealed to companies in basic industry during the height of recession in 1982, when long-term interest rates were well above 15%. When rates dropped, interest waned.

This time around the interest-rate cycle, more funds are signing up.

It is becoming apparent to the investment community this could occur every time interest rates rise.

Some have suggested the greater popularity of these passive investment techniques poses a threat to active bond management.

The appeal of dedicating is, in theory, that it enables funds to:

• lock in high rates of return, reducing unfunded liabilities and future pension contributions.

• capture much of the gain made in the markets in the past five years.

• eliminate volatility in the market value of the pension fund.

A few companies have held enormous sales of equities to set up these bond portfolios. For many more companies, however, dedication involves a rejuggling of bond holdings or adding to an existing immunized portfolio.

Signal Cos. "sold every stock we owned," and set up a $700 million dedicated bond portfolio to be managed by Signal's own staff with the help of Wilshire Associates Inc., according to Walter "Sandy" Sandborn, vice president.

After Signal's merger with Wheelabrator-Frye Inc., the numerous "unwieldy" plans were consolidated and benefits were improved for many employees, and a dedicated

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Manville looks to futures

By Kimberly Blanton

James Neill

DENVER — Manville Corp. chose Leland O'Brien Rubinstein Associates Inc. to use futures to adjust the asset mix of its entire investment portfolio.

Manville's managers — Morgan Guaranty Trust Co., Scudder, Stevens & Clark, MacKay-Shields Financial Corp., Centerre Trust Co. and Rogers, Casey & Barksdale Inc. — will not be affected.

Rather, Leland O'Brien Rubinstein will overlay a futures strategy of selling U.S. Treasury bond and Standard & Poor's 500 stock index futures when the markets drop a certain percentage. The portfolio is evaluated frequently and adjusted as the market dictates.

A future is the right to buy or sell at today's price a security at a future date.

(Manville's treasurer, James Beasley, and James Neill, director of trusteed benefit funds, explain the strategy's advantages on page 35.)

In using futures, the program represents a twist on Leland O'Brien Rubinstein's original strategy, known as dynamic asset

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Standard Oil seeks approval for venture-cap contribution

By Kimberly Blanton

CLEVELAND — Standard Oil Co. (Ohio) plans to transfer interests in three venture capital partnerships from its corporate coffers to the pension fund, where company executives believe the interests will be put to better use.

Limited partnership interests in Advent, Brentwood Associates and Menlo Ventures Partners, with a combined $7.6 million value, will be a substitute for less than 10% of the company's 1983 cash contribution to its pension fund. Standard has applied to the Department of Labor for a prohibited transaction exemption.

In late June, Honeywell Inc. also proposed to contribute a venture capital partnership. If granted Labor Department approval, Honeywell will contribute a $10 million interest in New Court Partners, a New York venture capital partnership (*Pensions & Investment Age*, July 23).

Last year, Corning Glass Works received Labor Department approval to contribute a $3 million venture capital investment in Mayfield Partners' third fund.

The contribution of venture capital interests might become more common if companies have the same experience Standard Oil (Ohio) has had.

Michael Williams, assistant treasurer for Standard, said a "confluence" of events led to the transfer of venture capital to the $800 million pension portfolio from the company.

"It's a great investment and just didn't satisfy the corporate objectives, and we think it will satisfy ours (the pension fund's)," Mr. Williams explained.

After a review of its investment policy last year, fund trustees decided to expand the investment portfolio to include venture capital. At the same time, the company realized its venture capital interests had not provided the intended "window on technology," Mr. Williams explained.

> *It's a great investment and just didn't satisfy the corporate objectives, and we think it will satisfy ours (the pension fund's)*
> *— Michael Williams*

Standard Oil's "investments (in venture capital) worked very well, but what they really wanted was to

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Late news

BAIMCO appoints

SAN FRANCISCO — Thomas Kelley and Harold Warner, executive vice presidents in charge of equity and fixed-income portfolio management respectively, have been named to replace Robert Wade at BA Investment Management Co.

Mr. Kelley has succeeded Mr. Wade as chairman and chief executive officer of the Bank of America Corp. subsidiary.

He also was named chief investment officer of Bank of America's trust division.

Mr. Warner was named president and chief operating officer.

Both men also continue in their capacities as directors of stock and bond management, Mr. Warner said.

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AT&T reviewing oil, gas

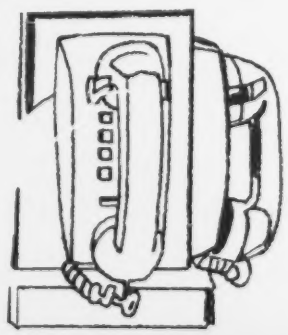
By Fred Williams

NEW YORK — The $61 billion American Telephone & Telegraph Co. pension fund might expand its oil and gas investments by year-end following an evaluation of its existing oil and gas portfolio.

AT&T, which already has about $100 million invested in various direct oil and gas exploration and drilling programs, is reviewing its oil and gas portfolio to determine how well it has performed and measured up against original expectations, according to Tom Judge, AT&T division manager.

He is responsible for non-traditional investments at AT&T and monitors some of the firm's traditional investment managers as well.

"We are taking a hard look now at our oil and gas holdings, . . . our



experience, and trying to relate that to what our expectations were," he said.

"We are looking at all the research and analysis to see if it is doing what we expected it to do. It's kind of up in the air now, but I would hope by the end of the year we will have a decision on expanding the program or what we will do," said Mr. Judge.

"My gut feeling is that we may put some more money into oil and gas."

He said AT&T does not manage any of its oil and gas portfolio internally. "It's a whole other world that needs full-time direction. We don't do any of it ourselves," he said.

Mr. Judge declined to list specific

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Morgan forgoes Teamster trading

By Barry B. Burr

NEW YORK — A desire to manage the $1.7 billion equity portion of the almost $5 billion Teamsters Central States pension fund and pressure from the brokerage community led Morgan Stanley & Co. to drop plans to handle brokerage for the fund.

Because Morgan Stanley is the named fiduciary of the fund, it will need an exemption from the Department of Labor to manage the equity assets, and would have needed another to handle the brokerage. Morgan Stanley was concerned that seeking an exemption for the brokerage might have complicated the application for the investment management exemption.

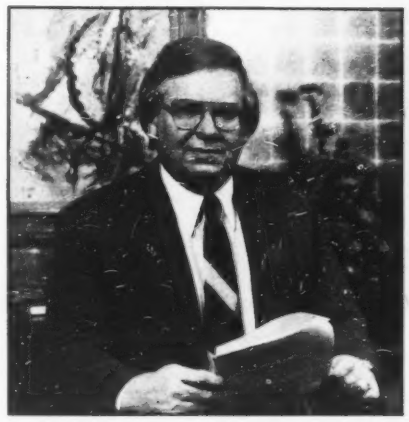
The decision not to seek the brokerage will cost Morgan Stanley a potential source of revenue from the Central States, Southeast & Southwest Areas Pension Fund.

In becoming named fiduciary in January, giving it authority to determine the investment strategy, Morgan Stanley said it would handle much of the brokerage services for the fund.

To do so, it would require an exemption under the Employee Retirement Income Security Act because of the potential conflict of interest of the named fiduciary dealing with itself to handle brokerage.

But Barton M. Biggs, chairman of Morgan Stanley Asset Management, said his firm decided not to pursue the brokerage exemption. Instead, it will concentrate on gaining approval to appoint the unit as manager of the equity portion of the Central States fund.

"There is enough going on with the application with the Department of Labor" for the exemption allowing it to become the equity manager, Mr. Biggs said.



George Lehr, left, executive director of the Teamsters Central States, Southeast & Southwest Areas Pension Fund, and Barton M. Biggs, chairman of Morgan Stanley Asset Management

"The main reason we dropped (the brokerage bid) was because we didn't want to add to the complexity of the already complex application," he added.

George Lehr, executive director of the fund, said the brokerage decision would have no effect on the fees Central States pays Morgan Stanley as named fiduciary, or potentially as equity manager.

Initially, he said, Morgan Stanley proposed to base its fees for services

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Hires 3 for venture cap, 1 for realty

Pacific Lighting adds 4 managers

By Rose Darby

LOS ANGELES — Pacific Lighting Corp. has added three venture capital managers and one real estate manager as part of its planned restructuring.

Robert J. Salvaria, assistant treasurer, said the roughly $400 million pension fund picked the venture capital partnerships of Dougery, Jones & Wilder, San Francisco; Burr, Egan, Deleage & Co., Boston; and Summit Partners, Boston, and has begun funding each.

"We have allocated a total of 3% of the fund's total assets to venture capital in general," he added. That amount will be divided among the three new partnerships and two existing venture capital managers, U.S. Venture Partners and Alpha Partners, both of Menlo Park, Calif., said Mr. Salvaria.

Pacific Lighting also hired Heitman Advisory Corp. of Chicago to run its first separate real estate account. Heitman will receive an initial commitment of $35 million, he said.

The plan already invests in two real estate commingled funds managed by Aetna Life & Casualty and Citibank Real Estate Investment Management.

Those investments will be continued as a core real estate portfolio, with approximately $35 million between the two funds, he said.

"We're trying to keep an allocation of about 15% of the total portfolio in real estate at all times," Mr. Salvaria said.

A search for international investment advisers has yet to be made, he said.

The new selections follow a round of equity hirings in late spring, which were the first leg of the restructuring (*Pensions & Investment Age*, May 14). The moves were designed to streamline investments and improve performance.

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Poor returns spur shifts

By Barry B. Burr

RENO, Nev. — Abandoning a strategy that emphasized current income and produced dismal returns, the University of Nevada reshuffled most of its $20 million endowment, hiring two managers, firing two and reducing the commitment to another.

The move has not been a politically popular one, an official said.

Janet MacDonald, controller, said the endowment committed $5 million to Treynor-Arbit Associates, Chicago, for aggressive equities, and $10 million to Sanford C. Bernstein & Co. Inc., New York, for value-oriented equities.

At the same time, she said, the fund fired Valley Bank of Nevada, Las Vegas, and Nevada National Bank, Reno, which together managed $8 million, and took away $7 million managed by First Interstate Bank of Nevada, Reno, leaving it with $5 million.

The fund used Cambridge & Associates Inc., Boston, to help evaluate investment strategy and select money managers, Ms. MacDonald said.

"Our endowment has performed very poorly," Ms. MacDonald said. "It was $20 million 10 years ago and it's $20 million today." The earnings generally were spent as received, she added. The endowment declined to give returns.

Edna Brigham, endowment director, said the changes have

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Late news

Copley Press Inc.

LA JOLLA, Calif. — The $95 million Copley Press Inc. retirement plan revamped its manager lineup for greater specialization in stock and bonds and for an additional real estate investment.

The new equity managers are Columbia Management Co. of Portland, Ore., Gemini Corp., Atlanta, and William Mason & Co., Woodland Hills, Calif. Copley hired T. Rowe Price Associates, Baltimore, and Dodge & Cox, San Francisco, for fixed income.

It allocated $5 million to the open-end real estate fund run by Wachovia Bank & Trust Co., Winston-Salem, N.C.

Copley terminated Trust Co. of the West, Los Angeles, and Wells Fargo Investment Advisors, San Francisco.

Copley Press also added an investment to a Russell Trust international account.

Teachers contribute

NEW YORK — The $2.8 billion New York City Teachers' Variable Fund has chosen the Metropolitan Life Insurance Co. to continue as sole manager of its Variable Fund B. Now, all of Fund B's assets are in guaranteed investment contracts.

Metropolitan Life will receive about $220 million during the next year, according to Wally Sullivan, executive director for the fund.

Committee OKs rule

WASHINGTON — The Senate Finance Committee approved a modified version of the House-passed version of the Retirement Equity Act of 1984, H.R. 4280. A pared-down rule was included that requires plans to make subsidized benefits offered for a limited time period, such as early retirement benefits, available in the future in some cases. Another change would eliminate minimum age limits to qualify for survivor benefits.

Loyola appoints 4

CHICAGO — Loyola University in Chicago hired four money managers to invest a portion of its roughly $200 million in retirement and endowment funds, said Kathy Berzanski, investment assistant.

Two Boston-based firms, The Boston Co. and Rollert & Sullivan, and Newbold Asset Management, Philadelphia, and Pacific Century Group, Los Angeles, will be managing equity accounts for the university. She declined to comment on how much was allocated.

Pennsylvania options

HARRISBURG, Pa. — The $6.3 billion Pennsylvania Public School Employees' Retirement System reportedly has selected Bankers Trust as an options manager. Industry sources said the New York bank will be given between $200 million and $250 million for an overwrite program.

James Perry, executive director, and Clay Mansfield, investment administrator, could not be reached for comment.

Chromalloy hires 4

ST. LOUIS — Chromalloy American Corp. has appointed three stock managers and one for bonds for its $70 million pension fund. Templeton Investment Counsel, St. Petersburg, Fla., First Manhattan Co. and Sanford C. Bernstein & Co., both in New York, will manage stocks, and M.D. Sass Investors Services, New York, will manage bonds. A.W. Clubb, vice president for personnel and administration, declined to provide details. Also, Irving Trust was appointed master trustee in May.

Master trustee named

JAMAICA, N.Y. — Swiss Air Transport Inc. hired a master trustee and two money managers to run balanced accounts for its roughly $25 million in employee benefit assets, said Philippe Bruggisser, finance manager for Swiss Air North America.

Chase Manhattan Bank, New York, will be master trustee for the plan, while SBC Portfolio Management International and Morgan Guaranty Trust Co., both in New York, were hired to run balanced accounts, he said.

UTC names executive

HARTFORD, Conn. — Beverly Lanquist, vice president-investor relations, was appointed vice president in charge of pension investment for United Technologies Corp.'s $4 billion retirement plan. The position is newly created.

Treasurer Joseph Biernat no longer has any pension responsibilities, said the spokesman. Mr. Biernat was promoted to senior vice president.

The shift came with the July departure of Brenda Sullivan, manager of pension investment. On Aug. 1, Ms. Sullivan became director of investment management for Emhart Corp.'s $350 million pension fund, also a new position.

Asset growth exceeded liabilities in 1983

By Kimberly Blanton

CHICAGO — The growth of assets in the pension funds in the nation's 100 largest industrial and manufacturing companies outpaced the rise in retirement liabilities in the latest year, a survey of corporate annual reports shows.

At the same time, the burden of pension expense eased for many companies.

Last year, some companies saw the pension fund assets gain ground on mounting liabilities. For many more companies, whose assets already exceeded vested liabilities, the surplus widened, according to a survey conducted by Wright Investors' Service for *Pensions & Investment Age*.

The Bridgeport, Conn., firm culled the data from the 1983 annual reports of the top 100 companies in Fortune magazine's largest 500 companies ranked by sales. Complete findings begin on page 36.

Pension funds also were less of a burden on higher earnings. Although far fewer companies cut contributions to their funds in 1983 — a common practice in 1982 — pension expense was, for many, a smaller percentage of operating income, largely because earnings shot up amid the economy's recovery.

The most dramatic changes were on the balance sheet, however. Companies in heavy industry plagued with insufficient assets to cover vested pension liabilities showed improvement in 1983.

Pension fund assets and liabilities can't be found on the balance sheet, but are detailed as footnotes to the financial statements. The growth in the size of pension fund assets and liabilities has prompted analysts to make informal comparison of pension fund assets and liabilities with those of the company itself. This has been of particular interest since the Financial Accounting Standards Board's proposal to include the pension fund on the balance sheet.

The growth in pension fund assets outpaced vested liabilities at all three of the large automakers.

Between 1982 and 1983, vested liabilities increased only 12% at General Motors Corp., to $18.2 billion from $14.4 billion, while assets in its investment portfolio shot up 26%, to $18.1 billion from $14.4 billion.

As a result, the automaker's pension fund deficit dropped to a negligible 0.5% of its net worth, from 10.5% in 1982.

Ford Motor Co.'s assets were up 12%, to $8.15 billion, while vested liabilities rose only 5%, to $7.39 billion. As a result, the pension surplus grew to 10.1% of net worth in 1983, from 2.8% the year before.

Chrysler's assets were up 6.5% to $2.075 billion, slightly more than the 6% rise in vested benefits. A comparison with Chrysler's negative net worth can't be made.

Results were mixed among steel companies. U.S. Steel Corp.'s pension fund surplus of assets over vested liabilities grew to $1.917 billion from $855 million at the same time its net worth declined. As a result, its pension fund surplus grew to 41.9% of net worth in 1983, up from 13.2%.

Bethlehem Steel Corp.'s funding deficit also declined and became smaller compared with net worth. Assets fell $503 million short of vested liabilities, an improvement from 1982's $830 shortfall.

Despite some shrinking in Bethlehem Steel's net worth, the deficit dropped to 46.2% of net worth, from 67.1% in 1982.

One steel company was not in such good shape. Armco's pension fund deficit leaped to $179.2 million from $94.4 million in 1982. Its deficit grew to 14.7% of net worth from 4.8% in 1982.

The hefty surpluses of assets compared with vested liabilities in many pension coffers expanded even more, and became larger in relation to net worth.

- Beatrice Foods Co.'s surplus was up to $139 million from $93 million, reaching 7.6% of its $1.8 billion net worth.
- Burroughs Corp.'s surplus rose to $116.8 million (5.2% of net worth) from $49 million.
- Coastal Corp.'s surplus rose to $68.1 million (12.6% of net worth) from $20.8 million.
- General Electric Corp.'s surplus grew to $2.233 billion (19.8% of net worth) from $1.522 billion.
- Honeywell Inc.'s surplus grew to $265.1 million (11.5% of net worth) from $12.4 million.
- United Technologies Corp.'s surplus grew to $1.062 billion and leaped to 32.6% of net worth.

Although pension expense was little changed, and higher in some cases, it became a smaller burden on operating income because earnings rebounded when the economy did.

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Largest pension assets
(as percent of corporate assets)

Lockheed	102.7%
Bethlehem Steel	67.8
Rockwell	65.4
McDonnell Douglas	52.4
General Dynamics	45.5

Largest funding surpluses
(as percent of net worth)

Lockheed	96.9%
Martin Marietta	67.2
U.S. Steel	41.9
McDonnell Douglas	41.4
AT&T Technologies	33.3

Largest unfunded vested liabilities
(as percent of net worth)

Chrysler	84.7%
Bethlehem Steel	46.2
LTV	22.2
Armco	14.7
Esmark	2.6

Public fund investments hail break with tradition

By Chuck Paustian

CHICAGO — State pension funds are entering investment arenas that once were the domain of their corporate counterparts.

The Maine Retirement Systems, for example, committed $5 million to oil and gas, while the South Dakota Retirement System committed $20 million to open-end real estate commingled funds and the Oregon Public Employee Retirement System allocated $35 million to four international managers.

(Public pension funds as a whole were the source of more than half of the money committed by pension funds to investment managers as reported in *Pensions & Investment Age* money movers during the first half of 1984. A survey conducted by *P&I Age* revealed public funds moved $11 billion of the $16.7 billion tracked. Public systems were the leading sources of assets in seven of the nine categories examined. See story column three.)

State pension funds have become more innovative in their investment approaches. In some cases, that innovation was prompted by changes in laws and state constitutions. Those changes gave them more investment options, including increased equity exposure and new asset classes.

In other states, the investment boards and fund officials have had the authority to invest the assets however they believed was best. However, they have been cautious in directing large portions of assets away from traditional investments.

Even though the funds were granted more investment leeway as much as four years ago, it took time for the officials and boards to make new asset allocation decisions and hire new managers.

Among the major shifts resulting from these changes:

- In 1981, the Washington Legislature passed a bill substituting a prudent-man rule for the more restrictive legal list.

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'Money mover' allocations near $17 billion first quarter

By Chuck Paustian

CHICAGO — Public pension funds moved more than half of the almost $17 billion in pension assets committed to managers in the first six months of 1984.

The figures are derived from reports of allocations to new and existing investment managers in *Pensions & Investment Age*.

P&I Age's findings seem to confirm a study that shows that public pension funds are increasing their average number of managers. The study, by Greenwich Research Associates, showed the average number of managers used by public systems increased to 3.6 during 1983 from 1.9 five years ago.

Despite the slipping equity market, 43% of the assets distributed in the first half went to equity managers, while 35.3% went to fixed-income specialists and 12.5% to balanced managers.

Among other investments, real estate was favored over international or venture capital, with real estate managers receiving 3.8% of the assets committed in the period. Venture capital and international each received 0.8%.

Of the $16.7 billion allocated to new or existing managers reported in P&I Age between Jan. 9 and July 9, $11 billion was moved by public pension funds. Public funds were the leading sources of assets in seven of the nine categories examined in the survey.

In the same period, corporate funds moved $3.3 billion; union plans allocated $1.2 billion; endowments, foundations and associations committed $925.4 million; and churches moved $295 million.

Totals include new money allocated as well as appointments of new managers and money transfers. Where ranges were given, the lower number was used.

Of the total amount tracked, $7.2 billion was allocated to equity, 59% of which was moved by public pension funds. Index fund managers received $2.4 billion of the equity total.

The largest single move to equities was by Burroughs Corp., Detroit, which split $420 million among four core and seven special equity managers.

As core managers, the $600 million fund hired Capital Guardian Trust Co., Los Angeles; Lazard Freres Asset Management, New York; Fred Alger Management, New York; and Mellon Capital Management, San Francisco.

The specialty managers hired were Liberty Square Investment, Boston; NWQ Investment Management, Los Angeles; PRIMECAP Management Co., Pasadena, Calif.; Thomson, Horstmann & Bryant, New York; United Capital Management, Detroit; Treynor-Arbit Associates, Chicago; and Geewax, Terker & Co., Philadelphia.

The largest move to equity by a public fund was by the $1.1 billion Los Angeles City Employees Re-

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Shareholder group makes strides

By Rose Darby

NEW YORK — Attempts to organize a shareholders' organization seem to be gaining momentum among public pension funds, but corporate fund executives seem unenthusiastic about the prospect.

The shareholders' organization for institutional investors, proposed by Jesse Unruh, treasurer of California, is a response to the corporate takeover and "greenmail" activities of the past 12 months.

Some of the organization's goals are to spread information quickly about possible greenmail situations and actions that might be taken by institutions in such situations, to influence corporate behavior through group action, to mobilize shareholders or even to take joint legal action.

However, a sampling of corporate pension executives found them reluctant to consider joining such an organization if invited.

"From a pension sponsor's point of view, it's a very difficult problem," explained William Rechter, president of Sperry Capital Management Corp., which oversees investment of roughly half of the $2 billion in pension fund assets for Sperry Corp.

"We really prefer to remain as a very independent shareholder," he added. "If we don't agree with the way management is running their company, we will generally choose not to own the stock."

The proposed shareholders' group would be the first of its kind.

A July 9 meeting to explore its formation was held in Sacramento, Calif., at the bidding of Mr. Unruh, and was attended by seven California pension funds with combined assets of $50 billion.

The second meeting was held in New York July 25.

In attendance were Mr. Unruh, his staff, representatives from the New York City Employees Retirement Systems, the New York State Common Retirement Fund, Delaware State Employees System, the International Brotherhood of Electrical Workers and Ian Lanoff, former U.S. pension administrator who now is with the law firm of Stroock, Stroock & Lavan.

In the proposed council, public funds would join together to support or protest such practices as greenmail, golden parachutes, shark repellents and others recently employed by corporate man-

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Pension funds, balance sheets

Company	Total pension benefits $ mil.	Vested benefits $ mil.	Fund assets $ mil.	Vested funding status $ mil. 1983	Vested funding status $ mil. 1982	Assumed rate of return (%) 1983	Assumed rate of return (%) 1982	Net worth $ mil.	Pension assets as percentage of net worth %	Pension assets as percentage of net worth % 1982 vested funding status	Corporate assets $ mil.	Pension assets as percentage of corporate assets %	Pension expense $ mil.	Operating income $ mil.	Pension expense as percentage of adjusted operating income %
Allied Corp.	2,398.0	2,222.0	2,186.0A	−36.0	−69.0	8.0	8.0	2,424.0	−1.5	90.2	7,647.0	28.6	201.0	1,105.0	15.4
Aluminum Co. of Amer.	1,622.3	1,500.6	1,580.5	79.9	−69.8	9.8	9.3	3,161.5	2.5	50.0	6,266.8	25.2	159.2	328.9	32.6
Amerada Hess	59.2	54.6	124.8	70.2	59.6	9.0	10.0	2,525.3	2.8	4.9	6,217.4	2.0	4.4	860.9	0.5
American Brands	447.4	418.1	409.1	−9.0	−46.7	8.5	8.5	2,027.5	−0.4	20.2	4,303.9	9.5	66.4	692.3	8.8
American Home (C)	——	——	——	——	——	——	——	2,042.0	0.0	0.0	3,086.0	0.0	20.0	1,106.6	1.8
Anheuser-Busch	299.8	265.6	418.7	153.1	85.5	8.5	8.2	1,752.5	8.7	23.9	4,330.2	9.7	74.0	700.8	9.6
Archer Daniels	54.4	47.6	61.8	14.2	4.1	8.0	8.0	1,450.0	1.0	4.3	2,549.9	2.4	7.0	135.8	4.9
Armco	1,737.0	1,501.3	1,322.1A	−179.2	−94.4	8.5	8.5	1,216.4	−14.7	108.7	3,609.0	36.6	137.5	−152.3	M
Ashland Oil	216.6	200.7	411.2	210.5	158.9	10.1	9.5	1,070.9	19.7	38.4	4,107.8	10.0	22.2	62.8	26.1
AT&T Technologies	30,100.8	26,161.3	46,380.3	20,219.0	14,954.4	9.9	10.6	60,795.8	33.3	76.3	149,529.8	31.0	44,564.8	12,498.2	78.1
Atlantic Richfield	1,592.0	1,498.0	1,802.0	304.0	109.0	8.0	8.0	10,659.3	2.9	16.9	23,282.3	7.7	136.0	2,674.7	4.8
Beatrice Foods	275.0	255.0	394.0	139.0	93.0	8.3/12.3	8.3/12.3	1,834.0	7.6	21.5	4,464.0	8.8	41.0X	703.0	5.5
Bethlehem Steel	3,649.0	3,527.0	3,024.0	−503.0	−830.0	10.0	10.0	1,088.1	−46.2	277.9	4,457.4	67.8	309.0	−270.4	M
Boeing	2,270.0	2022.0	2,866.0	844.0	689.0	8.5	8.5	3,038.0	27.8	94.3	7,471.0	38.4	208.0	332.0	38.5
Borden	258.7	248.4	290.3	41.9	11.2	8.3	8.3	1,390.9	3.0	20.9	2,720.5	10.7	11.6X	346.5	3.2
Bristol Myers	278.9	244.0	375.9	131.9	65.8	7.5	7.5	1,893.7	7.0	19.9	3,007.3	12.5	39.2	645.7	5.7
Burroughs	560.5	529.9	646.7	116.8	49.0	8.6	8.6	2,231.9	5.2	29.0	4,098.2	15.6	52.4	324.9	13.9
Caterpillar	2,510.0	2,328.0	2,502.0	174.0	−125.0 R	7.5	7.5	3,337.0	5.2	75.0	6,968.0	35.9	203.0	−310.0	M
Champion Int'l.	409.3	368.5	483.3	114.8	49.8	9.5	10.0	1,606.2	7.1	30.1	3,575.7	13.5	46.9	154.9	23.2
Charter	13.2	12.6	19.0	6.4	4.0	8.5	8.5	479.2	1.3	4.0	1,813.2	1.0	2.8	154.0	1.8
Chrysler	3,480.6	3,021.8	2,075.2A	−946.6	−901.3	9.8	9.8	1,118.1	−84.7	185.6	6,772.3	30.6	254.7	896.9	22.1
Coastal Corp.	81.3	71.9	140.0	68.1	20.8	8.0	5.5	540.1	12.6	25.9	3,338.4	4.2	4.0	277.8	1.4
Coca-Cola Co.	209.1	193.1	280.7	87.6	56.5	9.5	10.0	2,920.8	3.0	9.6	5,227.8	5.4	39.0	992.6	3.8
Colgate-Palmolive	580.9	444.7	577.3	132.6	89.2	7.1	6.8	1,329.1	10.0	43.4	2,664.0	21.7	51.5	334.1	13.4
Consolidated Foods	167.7	136.2	153.5	17.3	30.5	7.0	6.0	935.0	1.9	16.4	2,616.3	5.9	28.7	332.6	7.9
Continental Group	1,051.0	988.0	1,043.0	55.0	48.0	8.5	9.0	1,527.0	3.6	68.3	3,653.0	28.6	80.0	108.0	42.6
Control Data	242.5	233.6	390.9	157.3	80.6	7.9	7.8	1,814.0	8.7	21.5	8,777.6	4.5	25.9	295.5	8.1
CPC Int'l.	245.6	233.5	232.9	−0.6	−63.8	8.0	8.0	1,306.0	0.0	17.8	2,482.8	9.4	35.1	376.0	8.5
Dart & Kraft	661.2	627.5	958.7	331.2	253.2	8.0	6.5/8.0	2,922.7	11.3	32.8	5,418.1	17.7	43.1	830.0	4.9
Deere & Co.	1,110.0	1,036.0	1,343.0	307.0	358.0	9.0	9.6	2,276.0	13.5	59.0	5,880.0	22.8	125.0	−6.6	M
Diamond Shamrock	134.6	129.9	122.2	−7.7	−0.5	8.0	8.0	2,618.3	−0.3	4.7	6,024.4	2.0	23.9	61.1	28.1
Digital Equipment	111.7	86.8	229.1	142.3	127.0	6.0	6.0	3,541.3	4.0	6.5	4,541.1	5.0	89.8	362.9	19.8
Dow Chemical	1,354.0	1,106.0	1,330.0	224.0	124.0	8.0	8.0	5,047.0	4.4	26.4	11,981.0	11.1	123.0	516.0	19.2
DuPont	5,630.0	5,517.0	8,182.0	2,665.0	2,876.0	8.9	9.6	11,200.0	23.8	73.1	24,432.0	33.5	556.0	4,210.0	11.7
Eastman Kodak	2,421.0	2,377.0	3,536.0	1,159.0	933.0	9.0	9.0	7,220.0	124.1	470.2	10,928.0	32.4	132.0	1,027.0	11.4
Esmark	249.0	222.0	195.0	−27.0	−45.0	7.0/8.0	7.0	1,031.0	−2.6	18.9	3,661.7	5.3	21.5	172.1	11.1
Exxon	3,404.0	3,248.0	4,828.0	1,580.0	1,113.0	8.3	7.9	29,443.1	5.4	16.4	62,288.6	7.8	5,820.0	9,367.6	38.3
Firestone Tire & Rubber	831.0	780.0	1,053.0	273.0	235.0 R	11.9	15.9	1,291.0	21.1	81.6	2,729.0	38.6	17.0	183.0	8.5
Ford Motor	8,780.0	7,390.0	8,150.0	760.0	170.0	8.0	8.0	7,545.3	10.1	108.0	23,868.9	34.1	597.0	1,803.7	24.9
General Dynamics	1,234.7	1,142.5	1,290.6	148.1	54.9	7.0	7.0	1,260.6	11.7	102.4	2,836.2	45.5	103.9	501.4	17.2
General Electric	8,496.0	7,939.0	10,172.0	2,233.0	1,522.0	7.5	7.5	11,270.0	19.8	90.3	23,288.0	43.7	643.0	2,549.0	20.1
General Foods	917.4	857.0	1,100.2	243.2.	152.1	6.5	6.5	1,872.1	13.0	58.8	4,309.0	25.5	101.7	587.8	14.7
General Mills	307.0	279.0	384.0	105.0	54.0	10.0	10.5	1,227.4	8.6	31.3	2,943.9	13.0	53.6	468.4	10.3
General Motors	21,399.4	18,239.5	18,128.0	−111.5	1,835.5	9.0	10.3	20,483.0	−0.5	88.5	45,694.5	39.7	1,714.2	5,508.4	23.7
Georgia-Pacific	246.0	219.0	267.0	48.0	28.0	6.7	6.5	1,977.8	2.4	13.5	4,979.0	5.4	15.0	425.0	3.4
Getty Oil	468.2	455.1	611.5	156.4	64.9	7.0	7.0	5,385.0	2.9	11.4	10,385.1	5.9	45.8	1,943.6	2.3
Goodyear Tire	1,677.9	1,552.5	1,834.0	281.5	98.3	8.5	8.5	3,016.2	9.3	60.8	5,985.5	30.6	108.2	663.1	14.0
Grace (W.R.)	261.4	246.2	426.0	179.8	120.9	6.5	6.0	2,172.0	8.3	19.6	5,034.6	8.5	28.2	356.4	7.3
Gulf & Western	328.0	311.0	380.0	69.0	65.0	10.0	10.0	1,893.9	3.6	20.1	4,418.2	8.6	37.7	189.5	16.6
Gulf Oil	1,681.0	1,612.0	2,077.0	465.0	638.0	9.1	10.6	10,128.0	4.6	20.5	20,964.0	9.9	186.0	2,257.0	7.6

Definitions

Total pension benefits:
The actuarial present value of benefits promised to all past and present employees based on service already performed.

Vested benefits:
The present value of all benefits accrued by employees who have worked long enough with the company to have a legal right to the benefits.

Fund assets:
The market value of the assets that have been set aside to fund pension benefit payments.

Vested funding status:
Fund assets minus vested benefits. Overfunded plans have a positive status; plans with an unfunded vested liability have a negative status.

Assumed rate of return:
The weighted average interest rate the company's actuary uses in deriving the present value of total pension benefits.

Net worth:
The amount of equity available for stockholders as shown on the company's balance sheet.

Adjusted operating income:
Operating income plus pension expense.